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Subpart A - General

§ Z.1 Scope

This Part sets forth rules for public policy mechanisms established by the Commission.

§ Z.2 Definitions¹

- (a) "Access Customer" means the customer of access services.**
- (b) "Access Service" includes services and facilities provided for the origination or termination of any interstate or foreign telecommunication.**
- (c) "Annual revenue requirement" means the sum of the return component and the expense component.**
- (d) "Association" means the telephone company local exchange carrier association described in Subpart G E of this part.**
- (e) "Telephone Company Local exchange carrier" means a carrier that provides telephone exchange service as defined in Section 3(r) of the Communications Act of 1934.**
- (f) "Long Term Support" (LTS) means funds provided by telephone companies local exchange carriers that are not association Common Line tariff participants to association Common Line tariff participants. LTS enables association Common line tariff participants to charge a Common Line (CL) rate equivalent to the CL rate that would result if all telephone companies local exchange carriers participated in the association Common Line tariff.**
- (g) Non-price cap local exchange carrier. A local exchange carrier that is not subject to price cap regulation as the term is defined in § Y.2(vv).**
- (h) Price cap local exchange carrier. A local exchange carrier that is subject to price cap regulation as the term is defined in § Y.2(vv).**
- (i) "Public Policy Elements" are elements ordered by the Commission to support public policy objectives. These elements are rates to be assessed or funds to be paid to support public policy mechanisms.**

¹ Moved from 69.2 and 61.3

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Subpart B - Charges to be Assessed

§ Z.101 Public Policy elements

Public Policy elements include the following:

- (a) Universal Service Fund (USF)**
- (b) Lifeline Assistance**
- (c) Telecommunications Relay Service (TRS)**
- (d) End User Common Line (EUCL)**
- (e) Carrier Common Line (CCL)**
- (f) Special Access Surcharge**
- (g) Interconnection Charge**
- (h) Long Term Support (LTS)**
- (i) Cross-Connect Charges for Expanded Interconnection**
- (j) Contribution Charges**

§ Z.102 Universal service fund.²

Effective April 1, 1989:

- (a) Expenses allocated to the interstate jurisdiction pursuant to §§ 36.631 and 36.641 shall be assigned to the Carrier Common Line Element until March 31, 1989. ~~Beginning April 1, 1989, such expenses shall be assigned to the Universal Service Fund Element.~~³**

(ab) A charge that is expressed in dollars and cents per line per month shall be

² Moved from 69.116

³ Moved from 69.413

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assessed by the association upon all interexchange carriers that use local exchange switching facilities for the provision of interstate or foreign telecommunications services and that have at least .05 percent of the total common lines presubscribed to interexchange carriers in all study areas.

- (bc) The charge shall be computed by the association on a semi-annual basis by dividing one-twelfth of the projected annual Universal Service Fund revenue requirement by the total number of common lines presubscribed to interexchange carriers defined in ~~§ 69.116 (ab)~~. Beginning on April 1, 1989, the association shall bill and collect the charge, and disburse associated revenue, on a monthly basis pursuant to § 69.603 Z.403(c).
- (cd) ~~Telephone companies~~ Local exchange carriers shall provide to the association the data necessary to compute the charge. These data shall include the number of presubscribed common lines in each study area and the number of those lines associated with each interexchange carrier serving that study area. In a study area served by a single interexchange carrier, all common lines shall be considered as presubscribed to that interexchange carrier. Information concerning presubscribed common lines shall be filed with the association on June 30 and December 30 of each year, ~~except for the first such submission, containing presubscribed common line data calculated as of December 31, 1987, which shall be filed on August 1, 1988.~~ Presubscribed common line data filed on June 30 shall be calculated as of December 31 of the preceding year, and presubscribed common line data filed on December 30 shall be calculated as of June 30 of the same year.

§ Z.103 Lifeline assistance.⁴

Effective April 1, 1989:

- (a) Expenses allocated to the interstate jurisdiction pursuant to § 36.741 shall be assigned to the ~~Carrier Common Line Element until March 31, 1989. Beginning April 1, 1989, such expenses shall be assigned to the~~ Lifeline Assistance Element.⁵
- (ab) A charge that is expressed in dollars and cents per line per month shall be assessed by the association upon all interexchange carriers that use local

⁴ Moved from 69.117

⁵ Moved from 69.414

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exchange switching facilities for the provision of interstate or foreign telecommunications services and that have at least .05 percent of the total common lines presubscribed to interexchange carriers in all study areas.

- (bc) The charge shall be computed by the association on a semi-annual basis by dividing the sum of one-twelfth of the projected annual Lifeline Assistance revenue requirement and one-twelfth of the projected annual revenue requirement calculated by all ~~telephone companies~~ local exchange carriers pursuant to § 60.104 Z.105(l) by the number of common lines presubscribed to interexchange carriers defined in § 60.147 (ab). Beginning on April 1, 1989, the association shall bill and collect the charge, and disburse associated revenue, on a monthly basis pursuant to § 60.603 Z.403(d).
- (ed) ~~Telephone companies~~ Local exchange carriers shall provide to the association the data necessary to compute the charge. These data shall include the number of presubscribed common lines in each study area and the number of those lines associated with each interexchange carrier serving that study area. In a study area served by a single interexchange carrier, all common lines shall be considered as presubscribed to that interexchange carrier. Information concerning presubscribed common lines shall be filed with the association on June 30 and December 30 of each year, except for the first such submission, containing presubscribed common line data calculated as of December 31, 1987, which shall be filed on August 1, 1988. Presubscribed common line data filed on June 30 shall be calculated as of December 31 of the preceding year, and presubscribed common line data filed on December 30 shall be calculated as of June 30 of the same year.

§ Z.104 Telecommunications Relay Service

- (a) Cost recovery. Costs caused by interstate TRS shall be recovered from all subscribers for every interstate service, utilizing a shared-funding cost recovery mechanism. Costs caused by intrastate TRS shall be recovered from the intrastate jurisdiction. In a state that has a certified program under § 64.605, the state agency providing the TRS shall, through the state's regulatory agency, permit a common carrier to recover costs incurred in providing TRS by a method consistent with the requirements of this section.⁶

⁶ Moved from 64.604(c)(4)(ii)

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(b)⁷ **Telecommunications Relay Services Fund.** Effective July 26, 1993, an Interstate Cost Recovery Plan, hereinafter referred to as the TRS Fund, shall be administered by an entity selected by the Commission (administrator). The initial administrator, for an interim period, will be the National Exchange Carrier Association, Inc.

- (1) **Contributions.** Every carrier providing interstate telecommunications services shall contribute to the TRS Fund on the basis of its relative share of gross interstate revenues as described herein. Contributions shall be made by all carriers who provide interstate services, including, but not limited to, cellular telephone and paging, mobile radio, operator services, personal communications service (PCS), access (including subscriber line charges), alternative access and special access, packet-switched, WATS, 800, 900, message telephone service (MTS), private line, telex, telegraph, video, satellite, intraLATA, international and resale services.
- (2) **Contribution computations.** Contributors' contribution to the TRS fund shall be the product of their subject revenues for the prior calendar year and a contribution factor determined annually by the Commission. The contribution factor shall be based on the ratio between expected TRS Fund expenses to total interstate revenues. In the event that contributions exceed TRS payments and administrative costs, the contribution factor for the following year will be adjusted by an appropriate amount, taking into consideration projected cost and usage changes. In the event that contributions are inadequate, the fund administrator may request authority from the Commission to borrow funds commercially, with such debt secured by future year contributions. Each subject carrier must contribute at least \$100 per year. Service providers whose annual contributions total less than \$1,200 must pay the entire contribution at the beginning of the contribution period. Service providers whose contributions total \$1,200 or more may divide their contributions into equal monthly payments. Contributions shall be calculated and filed in accordance with a "TRS Fund Worksheet," which shall be published in the Federal Register. The worksheet sets forth information that must be provided by the contributor, the formula for computing the contribution, the manner of payment, and due dates for payments. The worksheet shall be certified to by an officer of the contributor, and subject to verification by the Commission or the

⁷ New rules as ordered in the Third Report and Order in the Matter of Telecommunications Relay Services, and the Americans with Disabilities Act of 1990, CC Docket No. 90-571, adopted July 15, 1993. These rules, to be incorporated by the above Order, are moved from 64.604(c)(4)(iii).

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administrator at the discretion of the Commission. Contributors' statements in the worksheet shall be subject to the provisions of Section 220 of the Communications Act of 1934, as amended. The fund administrator may bill contributors a separate assessment for reasonable administrative expenses and interest resulting from improper filing or overdue contributions.

- (3) **Data collection from TRS Providers.** TRS providers shall provide the administrator with true and adequate data necessary to determine TRS found revenue requirements and payments. TRS providers shall provide the administrator with the following: total TRS minutes of use, total interstate TRS minutes of use, total TRS operating expenses and total TRS investment in general accordance with Part 32 of the Communications Act, and other historical or projected information reasonably requested by the administrator for purposes of computing payments and revenue requirements. The administrator and the Commission shall have the authority to examine, verify and audit data received from TRS providers as necessary to assure the accuracy and integrity of fund payments.
- (4) **The TRS Fund will be subject to a yearly audit performed by an independent certified accounting firm or the Commission, or both.**
- (5) **Payments to TRS Providers.** TRS Fund payments shall be distributed to TRS providers based on formulas approved or modified by the Commission. The administrator shall file schedules of payment formulas with the Commission. Such formulas shall be designed to compensate TRS providers for reasonable costs of providing interstate TRS, and shall be subject to Commission approval. Such formulas shall be based on total monthly interstate TRS minutes of use. TRS minutes of use for purposes of interstate cost recovery under the TRS Fund are defined as the minutes of use for completed interstate TRS calls placed through the TRS center beginning after call set-up and concluding after the last message call unit. In addition to the data required under subsection (c3) above, all TRS providers, including providers who are not interexchange carriers, local exchange carriers, or certified state relay providers, must submit reports of interstate TRS minutes of use to the administrator in order to receive payments. The administrator shall establish procedures to verify payment claims, and may suspend or delay payments to a TRS provider if the TRS provider fails to provide adequate verification of payment upon reasonable request, or if directed by the Commission to do so. TRS Fund administrator shall make payments only to eligible TRS

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providers operating pursuant to the mandatory minimum standards as required in § 64.604, and after disbursements to the administrator for reasonable expenses incurred by it in connection with TRS Fund administration. TRS providers receiving payments shall file a form prescribed by the administrator. The administrator shall fashion a form that is consistent with Parts 32 and 38 procedures reasonably tailored to meet the needs of TRS providers. The Commission shall have authority to audit providers and have access to all data, including carrier specific data, collected by the fund administrator. The fund administrator shall have authority to audit TRS providers reporting data to the administrator.

- (6) TRS providers eligible for receiving payments from the TRS Fund are:
 - (i) TRS facilities operated under contract with and/or by certified state TRS programs pursuant to § 64.605; or
 - (ii) TRS facilities owned by or operated under contract with a common carrier providing interstate services operated pursuant to § 64.604; or
 - (iii) interstate common carriers offering TRS pursuant to § 64.604.
- (7) Any eligible TRS provider as defined in section ~~(f)~~(6) of this section shall notify the administrator of its intent to participate in the TRS Fund thirty (30) days prior to submitting reports of TRS interstate minutes of use in order to receive payment settlements for interstate TRS, and failure to file may exclude the TRS provider from eligibility for the year.
- (8) Administrator reporting, monitoring, and filing requirements. The administrator shall perform all filing and reporting functions required under § 64.604(c)(4)(iii)(a) through (j), inclusive. Beginning in 1994, TRS payment formulas and revenue requirements shall be filed with the Commission on October 1 of each year, to be effective for one year period beginning the following January 1. The administrator shall report annually to the Commission an itemization of monthly administrative costs which shall consist of all expenses, receipts, and payments associated with the administration of TRS Fund. The administrator is required to keep the TRS Fund separate from all other funds administered by the administrator, shall file a cost allocation manual (CAM), and shall provide the Commission full access to all data collected pursuant to the administration of the TRS Fund. The administrator shall establish a non-paid, voluntary advisory committee of persons from the hearing and

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speech disability community, TRS users (voice and text telephone), interstate service providers, state regulatory representatives, and TRS providers, which will meet at reasonable intervals (at least semi-annually) in order to monitor TRS cost recovery matters. Each group shall select its own representative to the committee. The administrator's annual report shall include a discussion of advisory committee deliberation.

- (9) Information filed with the administrator. The administrator shall keep all data obtained from contributors and TRS providers confidential, shall not use such data except for purposes of administering the TRS Fund, and shall not disclose such data in company-specific form unless directed to do so by the Commission. The Commission shall have access to all data reported to the administrator, and authority to audit TRS providers.
- (10) The administrator's performance and this plan shall be reviewed by the Commission after two years.
- (11) All parties providing services or contributions or receiving payments under this section are subject to the enforcement provisions specified in the Communications Act, the Americans with Disabilities Act, and the Commission's rules.

§ Z.105 End user common line.⁸

- (a) A charge that is expressed in dollars and cents per line per month shall be assessed by local exchange carriers upon end users that subscribe to local exchange telephone service, Centrex or semi-public coin telephone service to the extent they do not pay carrier common line charges. Such charge shall be assessed for each line between the premises of an end user and a Class 5 office that is or may be used for local exchange service transmissions.
- (b) Charges to multi-line subscribers shall be computed by multiplying a single line rate by the number of lines used by such subscriber.
- (c) Except as provided in ~~§§ 69.104(d)-(h)~~, the single line rate or charge shall be computed by dividing one-twelfth of the projected annual revenue requirement for the End User Common Line element by the projected average number of local exchange service subscriber lines in use during such annual period.

⁸ Moved from 69.104

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- (d) If the monthly charge computed in accordance with ~~§ 69.104(c)~~ exceeds \$6, the charge for each local exchange service subscriber line, except a residential line or a single-line business line, ~~or a line used for Centrex CO service that was in place or on order as of July 27, 1983,~~ shall be \$6.
- (e) The monthly charge for each residential or single line business local exchange service subscriber shall be the charge computed in accordance with ~~§ 69.104(c)~~, or ~~\$3.50~~ the relevant transitional charge established in ~~§ 69.203~~, whichever is lower.
- (f) Except as provided in ~~§§ 69.104(j)~~ and (k), the charge for each residential local exchange service subscriber line shall be the same as the charge for each single line business local exchange service subscriber line.
- (g) A line shall be deemed to be a residential line if the subscriber pays a rate for such line that is described as a residential rate in the local exchange service tariff.
- (h) A line shall be deemed to be a single line business line if the subscriber pays a rate that is not described as a residential rate in the local exchange service tariff and does not obtain more than one such line from a particular telephone company local exchange carrier.
- (i) The End User Common Line charge for each multi-party subscriber shall be assessed as if such subscriber had subscribed to single-party service.
- (j) The End User Common Line charge for a residential subscriber shall be 50% of the charge specified in ~~§ 69.104(c)~~ and (d) if the residential local exchange service rate for such subscriber is reduced by an equivalent amount, provided that such local exchange service rate reduction is based upon a means test that is subject to verification.
- (k) (1) The End User Common Line charge for residential subscribers shall be reduced to the extent of the state assistance as calculated in paragraph (2) of this section, or waived in full if the state assistance equals or exceeds the residential End User Common Line charge under the circumstances described below. In order to qualify for this waiver, the subscriber must be eligible for and receive assistance or benefits provided pursuant to a narrowly targeted telephone company local exchange carrier lifeline assistance program, requiring verification of eligibility, implemented by the state or local telephone company exchange carrier. A state or local telephone company exchange carrier wishing to implement this End User Common Line reduction or waiver for its subscribers shall file information with the Commission Secretary demonstrating that its plan meets the criteria set out in this section and showing the amount of state assistance per subscriber as described in

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paragraph (k)(2) of this section. The reduction or waiver of the End User Common Line charge shall be available as soon as the Commission certifies that the state or local telephone plan satisfies the criteria set out in this subsection and the relevant tariff provisions become effective.

- (2) (i) The state assistance per subscriber shall be equal to the difference between the charges to be paid by the participating subscribers and those to be paid by other subscribers for comparable monthly local exchange service, service connections and customer deposits, except that benefits or assistance for connection charges and deposit requirements may only be counted once annually. In order to be included in calculating the state assistance, such benefits must be a single telephone line to the household's principal residence.
- (ii) The monthly state assistance per participating subscriber shall be calculated by adding the amounts calculated in paragraphs (k)(2)(ii)(A) and (B) of this section.
 - (A) The amount of the monthly state assistance per participating subscriber for local exchange service shall be calculated by dividing the annual difference between charges paid by all participating subscribers for residential local exchange service and the amount which would have been charged to non-qualifying subscribers for comparable service by twelve times the number of subscribers participating in the state assistance program. Estimates may be used when historic data are not available.
 - (B) The amount of the monthly state assistance for service connections and customer deposits per participating subscriber shall be calculated by determining the annual amount of the reductions in these charges for participating subscribers each year and dividing this amount by twelve times the number of participating subscribers. Estimates may be used when historic data are not available.
- (l) In connection with the filing of access tariffs pursuant to § 69-3 61.44(a), ~~telephone companies~~ local exchange carriers shall calculate for the association their projected revenue requirement attributable to the operation of §69-104(j) through (k). The projected amount will be adjusted by the association to reflect the actual lifeline assistance benefits paid in the previous period. If the actual benefits exceeded the projected amount for that period, the differential will be added to the projection for the ensuing period. If the actual benefits were less than the projected amount for that period, the differential will be subtracted from the projection for the ensuing period. The association shall so adjust amounts to the Lifeline Assistance revenue requirement, bill and collect such

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amounts from interexchange carriers pursuant to § 69.117 Z.103 and distribute the funds to qualifying telephone companies local exchange carriers pursuant to § 69.603 Z.403(d).

- (m) No charge shall be assessed for any WATS access line.
- (n) For price cap local exchange carriers, the End User Common Line charges shall be included in the Public Policy basket for price management purposes pursuant to Y.202(a)(3).

§ Z.106 Carrier common line.⁹

- (a) ~~Charges~~A charge that is expressed in dollars and cents per access minute of use shall be assessed by local exchange carriers upon all access customers interexchange carriers that use local exchange common line facilities for the provision of interstate or foreign telecommunications services, except that the charge shall not be assessed upon interexchange carriers to the extent they resell MTS or MTS-type services of other common carriers (OCCs).

~~(b) (1) For purposes of this section and § 69.113:~~

~~(i) A Carrier or other person shall be deemed to receive premium access if access is provided through a local exchange switch that has the capability to provide access for an MTS WATS equivalent service that is substantially equivalent to the access provided for MTS or WATS, except that access provided for an MTS WATS equivalent service that does not use such capability shall not be deemed to be premium access until six months after the carrier that provides such MTS WATS equivalent service receives actual notice that such equivalent access is or will be available at such switch;~~

~~(ii) the term "open end" of a call describes the origination or termination of a call that utilizes exchange carrier common line plant (a call can have no, one, or two open ends); and~~

~~(iii) All open end minutes on calls with one open end (e.g., an 800 or FX call) shall be treated as terminating minutes.~~

~~(2) For association Carrier Common Line tariff participants:~~

~~(i) the premium originating Carrier Common Line charge shall be one cent per minute, except as described in § 69.105(b)(3), and~~

⁹ Moved from 69.105

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- ~~(ii) The premium terminating Carrier Common Line charge shall be computed as follows:~~
 - ~~(A) for each telephone company subject to price cap regulation, multiply the company's proposed premium originating rate by a number equal to the sum of the premium originating base period minutes and a number equal to 0.45 multiplied by the non-premium originating base period minutes of that telephone company;~~
 - ~~(B) for each company subject to price cap regulation, multiply the company's proposed premium terminating rate by a number equal to the sum of the premium terminating base period minutes and a number equal to 0.45 multiplied by the non-premium terminating base period minutes of that telephone company;~~
 - ~~(C) sum the numbers computed in (A) and (B) for all companies subject to price cap regulation;~~
 - ~~(D) from the number computed in (C), subtract a number equal to one cent times the sum of the premium originating base period minutes and a number equal to 0.45 multiplied by the non-premium originating base period minutes of all telephone companies subject to price cap regulation; and;~~
 - ~~(E) divide the number computed in (D) by the sum of the premium terminating base period minutes and a number equal to 0.45 multiplied by the non-premium terminating base period minutes of all telephone companies subject to price cap regulation.~~
- ~~(3) If the calculations described in § 60.105(b)(2) result in a per minute charge on premium terminating minutes that is less than one cent, both the originating and terminating premium charges for the association CCL tariff participants shall be computed by dividing the number computed in (C) by a number equal to the sum of the premium originating and terminating base period minutes and a number equal to 0.45 multiplied by the sum of the non-premium originating and terminating base period minutes of all telephone companies subject to price cap regulation.~~
- ~~(4) The Carrier Common Line charges of telephone companies that are not association Carrier Common Line tariff participants shall be computed at the level of Carrier Common Line access element aggregation selected by such telephone companies pursuant to §60.3(e)(7). For each such Carrier Common Line access element tariff~~

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- ~~(i) the premium originating Carrier Common Line charge shall be one cent per minute, and~~
- ~~(ii) The premium terminating Carrier Common Line charge shall be computed by subtracting the projected revenues generated by the originating Carrier Common Line charges (both premium and non-premium) from the Carrier Common Line revenue requirement for the companies participating in that tariff, and dividing the remainder by the sum of the projected premium terminating minutes and a number equal to .45 multiplied by the projected non premium terminating minutes for such companies.~~
- ~~(5) If the calculations described in § 60.105(b)(4) result in a per minute charge on premium terminating minutes that is less than one cent, both the originating and terminating premium charges for the companies participating in said Carrier Common Line tariff shall be computed by dividing the projected Carrier Common Line revenue requirement for such companies by the sum of the projected premium minutes and a number equal to .45 multiplied by the projected non premium minutes for such companies.~~
- ~~(6) Telephone companies that are not association Carrier Common Line tariff participants shall submit to the Commission and to the association whatever data the Commission shall determine are necessary to calculate the charges described in this section.~~
- ~~(7) The Carrier Common Line charges of telephone companies that are subject to price cap regulation as that term is defined in § 61.3(v) of this chapter, shall be computed at the level of Carrier Common Line access element aggregation selected by such telephone companies pursuant to § 60.3(e)(7). For each such Carrier Common Line access element tariff, the premium originating Carrier Common Line charge shall be one cent per minute. The premium terminating Carrier Common Line charge shall be set at a level that, when aggregated with the one cent originating charge, and the non premium originating and terminating carrier common line charges, shall not cause the aggregate carrier common line charge for the common line basket to exceed the capped charge computed pursuant to § 61.46(d) for that basket. The non premium charges shall be equal to .45 multiplied by the premium charges.~~
- ~~(8) If the calculations described in subparagraph (b)(7) of this section result in a per minute charge on premium terminating minutes that is less than one cent, the originating and terminating charges shall be equal, and set at a level that does not cause the aggregate carrier common line charge for the common line basket to exceed the capped charge computed pursuant to § 61.46(d). The non premium charges shall be equal to .45~~

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~~multiplied by the premium charge.~~

- (eb) Any ~~interexchange carrier access customer~~ shall receive a credit for Carrier Common Line charges to the extent that it resells services for which these charges have already been assessed (e.g., MTS or MTS-type service of other common carriers).
- (c) The local exchange carriers ~~that are not Association Carrier Common Line tariff participants shall submit to the Association the necessary data for the Association to calculate the Association carrier common line charges.~~ This data shall include carrier common line revenues and total common line minutes.
- (d) For price cap local exchange carriers, Carrier Common Line charges shall be included in the Public Policy basket for price management purposes pursuant to § Y.202(a)(3).

§ Z.107 Special access surcharges.¹⁰

- (ea) Special access surcharges shall be assessed by local exchange carriers upon users of exchange facilities that interconnect these facilities with means of interstate or foreign telecommunications to the extent that carrier's-carrier access charges are not assessed upon such interconnected usage. As an interim measure pending the development of techniques accurately to measure such interconnected use and to assess such charges on a reasonable and non-discriminatory basis, ~~telephone companies~~ local exchange carriers shall assess special access surcharges upon the closed ends of private line services and WATS services pursuant to the provisions of § 69.115 of this part.¹¹
- (ab) ~~Pending the development of techniques accurately to measure usage of exchange facilities that are interconnected by users with means of interstate or foreign telecommunications, a~~ A surcharge that is expressed in dollars and cents per line termination per month shall be assessed upon users that ~~subscribe to private line services or WATS services that are not to the extent the service is not exempt from assessment pursuant to paragraph (ef) of this section.~~
- (bc) Such surcharge shall be computed to reflect a reasonable approximation of the carrier usage charges which, assuming non-premium interconnection, would have been paid for average interstate or foreign usage of common lines, end

¹⁰ Moved from 69.115

¹¹ Moved from 69.5

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office facilities, and transport facilities, attributable to each Special Access line termination which is not exempt from assessment pursuant to subsection (ef) of this Section.

- (ed) If the association, carrier or carriers, that file the tariff are unable to estimate such average usage for a period ending May 31, 1985, the surcharge for such a period shall be twenty-five dollars (\$25.00) per line termination per month.
- (de) A telephone-company local exchange carrier may propose reasonable and nondiscriminatory end user surcharges, to be filed in its federal access tariffs and to be applied to the use of exchange facilities which are interconnected by users with means of interstate or foreign telecommunication which are not provided by the telephone-company local exchange carrier, and which are not exempt from assessment pursuant to subsection (ef) of this Section. Telephone-companies Local exchange carriers which wish to avail themselves of this option must undertake to use reasonable efforts to identify such means of interstate or foreign telecommunication, and to assess end user surcharges in a reasonable and nondiscriminatory manner.
- (ef) No special access surcharges shall be assessed for any of the following terminations:
 - (1) The open end termination in a telephone-company local exchange carrier switch of an FX line, including CCSA and CCSA-equivalent ONALS;
 - (2) Any termination of an analog channel that is used for radio or television program transmission;
 - (3) Any termination of a line that is used for telex service;
 - (4) Any termination of a line that by nature of its operating characteristics could not make use of common lines; and
 - (5) Any termination of a line that is subject to carrier usage charges, pursuant to ~~§ 69.5~~.
 - (6) Any termination of a line that the customer certifies to the local exchange carrier is not connected to a PBX or other device capable of interconnecting a local exchange subscriber line with the private line or WATS access line.
- (g) For price cap local exchange carriers, Special Access Surcharges shall be included in the Public Policy basket for price management purposes pursuant to § Y.202(a)(3).

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§ Z.108 Interconnection charge.¹²

- (a) ~~An interconnection charge expressed in dollars and cents per access minute shall be assessed by local exchange carriers upon all access customers interexchange carriers and upon all other persons interconnecting with the telephone company local exchange carrier switched access network, except that Centralized equal access providers as described in Transport Rate Structure and Pricing, CC Docket No. 91-213, FCC 92-442, shall not assess the interconnection charge as provided in subsection (c).~~
- (b) ~~For non-price cap local exchange carriers, the revenues to be recovered by the interconnection charge shall be computed by subtracting projected entrance facility, tandem-switched transport, direct-trunked transport, dedicated signalling transport and special access revenues from the transport access category revenue requirement.~~
- (c) ~~For price cap local exchange carriers, the Interconnection Charge element shall be included in the Transport basket for purposes of price management, pursuant to § Y.202(a)(1). The Interconnection Charge element shall not be included in any of the market area categories established within the Transport basket pursuant to § Y.202(b).~~
- (d) ~~For price cap local exchange carriers, the upper pricing band for the Interconnection Charge element within the Transport basket shall limit the annual upward pricing flexibility for this element to zero percent relative to the percentage change in the PCI for the Transport basket measured from the last day of the preceding tariff year. There shall be no lower pricing band for the Interconnection Charge element.~~
- ~~(b) (1) For telephone companies not subject to price cap regulation, the interconnection charge shall be computed by subtracting entrance facilities, tandem-switched transport, direct-trunked transport, and dedicated signalling transport revenues from the Part 69 transport revenue requirement, and dividing by the projected total interstate local switching minutes.~~
- ~~(2) For telephone companies subject to price cap regulation, the interconnection charge shall be set initially to comply with the price cap rate restructure requirement of revenue neutrality.~~

¹² Moved from 69.124

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§ Z.109 Long-term and transitional support.¹³

A telephone company local exchange carrier that does not participate in the association Common Line tariff shall have computed by the association:

- (a) Long Term Support Obligation. The Long Term Support payment obligation of ~~telephone companies local exchange carriers~~ that are not Association Common Line tariff participants shall be equivalent to the difference between the projected Carrier Common Line revenue requirement of Association Common Line tariff participants and the projected revenue recovered by the Association Carrier Common Line charge ~~as calculated pursuant to § 69.105(b)(1)~~. The Association shall calculate the Association Carrier Common Line charge by dividing the sum of the Association common line revenue requirement and the common line revenues reported by non-Association local exchange carriers by the national common line minutes.

- ~~(1) For the period from April 1, 1993 through June 30, 1994, Long Term Support payment obligation shall be funded by all telephone companies that are not association Common Line tariff participants and do not receive transitional support pursuant to § 69.612(b). The percentage of the total annual Long Term Support requirement paid by each telephone company in this group that is not a Level I or Level II Contributor shall equal the number of its common lines divided by the total number of common lines of all telephone companies paying Long Term Support. The remaining amount of Long Term Support requirement shall be allocated among Level I and Level II Contributors based upon the amount of each Level I and Level II Contributor's 1988 contributions to the association Common Line pool in relation to the total amount of 1988 Common Line pool contributions of all other Level I and Level II Contributors. The association shall inform each telephone company about its mandatory Long Term Support obligation within a reasonable time prior to the filing of each telephone company's annual Common Line tariff revisions or other similar filing ordered by the Commission. Such amounts shall represent a negative net balance due to the association that it shall bill, collect, and distribute pursuant to § 69.603(e).~~

- (2b) ~~Beginning July 1, 1994, and thereafter,~~ The Long Term Support payment obligation shall be funded by each telephone company local exchange carrier that files its own Carrier Common Line tariff and ~~does not receive transitional support~~. The percentage of the total annual Long Term Support requirement paid by each of these companies shall equal the number of its common lines divided by the total number of common lines of all telephone companies local exchange carriers paying Long Term

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Support. The association shall inform each telephone company local exchange carrier about its mandatory Long Term Support obligation within a reasonable time prior to the filing of each telephone company local exchange carrier's annual Common Line tariff revisions or other similar filing ordered by the Commission. Such amounts shall represent a negative net balance due to the association that it shall bill, collect, and distribute pursuant to § 60.603 Z.483(e).

~~(b) Transitional Support~~

- ~~(1) Telephone Companies categorized as Level I and Level II Receivers that file their own Common Line tariffs effective April 1, 1990 shall receive Transitional Support for a four year period commencing April 1, 1990. Level II Receivers that file their own Common Line tariffs effective July 1, 1990 shall receive Transitional Support for a four year period commencing July 1, 1990. Transitional Support for each of these telephone companies shall be computed on the basis of its net revenues less revenue requirement amounts for 1988 (adjusted for the additional revenues resulting from an increase in End User Common line charges to \$3.50). Transitional Support for these telephone companies during the transition period shall be as follows:~~

~~Year 1 80% of the adjusted 1988 frozen amount~~

~~Year 2 60% of the adjusted 1988 frozen amount~~

~~Year 3 40% of the adjusted 1988 frozen amount~~

~~Year 4 20% of the adjusted 1988 frozen amount~~

- ~~(2) For the period from April 1, 1990 through June 30, 1994, the Transitional Support Fund shall be funded by all telephone companies or groups of affiliated telephone companies that are not association Common Line tariff participants and do not qualify under § 60.612(b)(1) for Transitional Support payments. The percentage of the total annual Transitional Support requirement paid by each telephone company or group of affiliated telephone companies meeting this definition that is not a Level I or Level II Contributor shall equal the number of its common lines divided by the total number of common lines of all companies paying Transitional Support. The percentage of the remaining Transitional Support requirements shall be allocated among Level I and Level II Contributors based upon the amount of each Level I and Level II Contributor's 1988 contributions to the association Common Line Pool in relation to the total amount of 1988 Common Line pool contributions of all other Level I and Level II Contributors. The Association shall inform each Level I and Level II Contributor about its mandatory Transitional Support~~

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~~payment within a reasonable time prior to the filing of each telephone company's annual Common line tariff revisions or other similar filing ordered by the Commission. Such amounts shall represent a negative net balance due the association from Level I and Level II Contributors that the association shall bill, collect, and distribute pursuant to § 69.603(f).~~

- (c) ~~Long Term and Transitional Support shall be modified to take into account mergers and acquisitions on a prospective basis. The Association shall adjust the 1988 base year data of the surviving entity or entities of any merger or acquisition to reflect the changes effected by the merger or acquisition before calculating the Long Term and Transitional Support amounts pursuant to § 69.642(a) and (b). For this purpose, the Association shall assume that the transaction occurred prior to 1988.~~

§ Z.110 Connection [Cross-connect] charges for expanded interconnection.¹⁴

- ~~(a) Appropriate connection charge subelements shall be established for the use of equipment and facilities that are associated with offerings of expanded interconnection for special access and switched transport services, as defined in Part 64, Subpart N of this chapter. To the extent that the same equipment and facilities are used for both special access and switched transport, the same connection charge subelements shall be used.~~
- ~~(1a) A cross-connect subelement charges shall be established for charges associated with the cross-connect cable and associated facilities connecting the equipment owned by or dedicated to the use of the interconnector with the telephone company local exchange carrier's equipment and facilities used to provide interstate special or switched access services. Cross-connect charges for the cross-connect subelement shall not be deaveraged within a study area that is used for purposes of jurisdictional separations.~~
- ~~(2) Charges for subelements associated with physical collocation or virtual collocation, other than the subelement described in paragraph (a)(1) of this section, may reasonably differ in different central offices, notwithstanding § 69.3(e)(7).~~
- (b) Connection Cross-connect charges subelements shall be computed based upon the costs associated with the equipment and facilities that are included in such subelements the cross-connect charges, including no more than a just and reasonable portion of the telephone company local exchange carrier's overhead costs.

¹⁴ Moved from 69.121

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- ~~(c) Connection charge subelements shall be assessed upon all interconnectors that use the equipment or facilities that are included in such subelements.~~

§ Z.111 Contribution charges for special access and expanded interconnection.¹⁵

- (a) Any contribution charge that the Commission may, by order, permit shall be calculated in a manner that complies with the Commission order authorizing the contribution charge.
- (b) Any contribution charge shall be assessed on a per-unit-of-capacity basis, upon parties that use expanded interconnection for special access and upon customers of similar special access services offered by the telephone company.

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Subpart C - Optional Alternative Carrier Common Line Tariffs

§ Z.201 Optional alternative carrier common line tariff provisions.¹⁶

- (a) A telephone-company local exchange carrier that files a concurrence described in subsection (c) of this section may file Optional Alternative Carrier Common Line tariff provisions for a particular study area to encourage use of telephone company local exchange carrier access service facilities by interexchange carriers and large volume users. Such tariff provisions shall be designed to ensure that large volume users of interstate or foreign telecommunications services in such study area will receive the benefit of any reduction in Carrier Common Line charges. These tariff provisions shall be filed on a minimum of 90 days notice.
- (b) A telephone-company local exchange carrier that files an Optional Alternative Carrier Common Line charge may file a surcharge upon End User Common Line charges, to be effective on a minimum of 90 days notice, if
 - (1) a uniform surcharge is imposed upon all monthly End User Common Line charges in such study area;
 - (2) the monthly surcharge does not exceed 35 cents; and
 - (3) such surcharge revenues are not likely to exceed the difference between the annual revenues that would have been produced by the association Carrier Common Line charge and the annual revenues that will be produced by the Optional Alternative Carrier Common Line tariff provisions.
- (c) A concurrence may be issued by a public utility commission that regulates intrastate telecommunications services in the relevant area or by the CC Docket 80-286 Joint Board. A telephone-company local exchange carrier may request a concurrence from the CC Docket 80-286 Joint Board if, but only if, the appropriate public utility commission declines to issue a concurrence or fails to act upon a request for a concurrence within 60 days after such request has been filed. A concurrence shall signify that a majority of such commission or Joint Board agree that the Optional Alternative Carrier Common Line tariff provisions are warranted to deter bypass in the affected area and that any End User Common Line surcharge is not likely to impair universal service in the affected area.

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**Subpart D - Segregation of Common-Line Element [Public Policy Access Category]
Revenue Requirement [for Non-Price Cap Local Exchange Carriers]**

§ Z.301 General [rules for non-price cap local exchange carriers]¹⁷

- (a) Any portion of the ~~Common-Line element Public Policy access category~~ annual revenue requirement that is attributable to long term support or transitional support shall be assigned to the Carrier Common Line element.
- (b) Any portion of the ~~Common-Line element Public Policy access category~~ annual revenue requirement that is attributable to CPE investment or expense or surrogate CPE investment or expense shall be assigned to the Carrier Common Line element or elements.
- (c) Any portion of the ~~Common-Line element Public Policy access category~~ annual revenue requirement that is attributable to customer premises wiring included in IOT investment or expense shall be assigned to the Carrier Common Line element or elements.
- (d) Any portion of the ~~Common-Line element Public Policy access category~~ revenue requirement that is attributable to public telephone investment or expense shall be assigned to the Carrier Common Line element or elements.
- (e) Any portion of the ~~Common-Line element Public Policy access category~~ revenue requirement that is not assigned to Carrier Common Line elements pursuant to paragraphs (a), (b), (c) and (d) of this section shall be apportioned between End User Common Line and Carrier Common Line pursuant to § ~~69.502~~ Z.302. Such portion of the ~~Common-Line element Public Policy access category~~ annual revenue requirement shall be described as the base factor portion for purposes of this Subpart.

§ Z.302 Base factor allocation [for non-price cap local exchange carriers]¹⁸

The projected revenues from the End User Common Line charges and Special Access surcharges shall be deducted from the base factor portion to determine the amount that is assigned to the Carrier Common Line element. End User Common Line charges that are waived pursuant to § ~~69.104~~ Z.105(j)-(k) shall be included in projected End User Common Line revenues for purposes of this computation.

¹⁷ Moved from 69.501

¹⁸ Moved from 69.502

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Subpart E - Exchange Carrier Association¹⁹

§ Z.401 Exchange carrier association.²⁰

- (a) An association shall be established in order to prepare and file access charge tariffs on behalf of all ~~telephone companies local exchange carriers~~ that do not file separate tariffs or concur in a joint access tariff of another ~~telephone company local exchange carrier~~ for all access elements.
- (b) All ~~telephone companies local exchange carriers~~ that participate in the distribution of Carrier Common Line revenue requirement, or pay long term support to association Common Line tariff participants, ~~or receive payments from the transitional support fund administered by the association~~ shall be deemed to be members of the Association.

§ Z.402 Board of directors.²¹

- (a) For purposes of this Section, the association membership shall be divided into three subsets:
 - (1) The first subset shall consist of all the Bell System Operating Companies other than Cincinnati Bell Inc. and Southern New England Telephone Company;
 - (2) The second subset shall consist of all other ~~telephone companies local exchange carriers~~ with annual operating revenues in excess of forty million dollars;
 - (3) The third subset shall consist of all other ~~telephone companies local exchange carriers~~.

All commonly controlled companies shall be deemed to be one company for purposes of this Section.

- (b) There shall be fifteen directors of the association.
- (c) In 1989 and thereafter, three directors shall represent the first subset, three

¹⁹ Moved from Part 69, Subpart G

²⁰ Moved from 69.601

²¹ Moved from 69.602